

**Summary of HB 5086 to amend the  
Local Community Stabilization Authority Act (2014 PA 86)**

1. Clarify the definition of "Authority" to distinguish between the Local Community Stabilization Authority and the remaining authorities to be reimbursed under the Act, by adding a new definition for "Local Authority" [MCL 123.1345(q), MCL 123.1345(r), and MCL 123.1354(2)]
2. Change the definition and calculation of the "personal property exemption loss" to only subtract a small taxpayer exemption loss greater than (0) zero. Currently, the definition of the personal property exemption loss for municipalities, other than local school districts, intermediate school districts, and tax increment finance authorities, is the 2013 personal property taxable value less the 2016 personal property taxable value less the small taxpayer exemption loss. For municipalities with a small taxpayer exemption gain, the mathematics of the calculation are increasing the personal property exemption loss for the current year (i.e.  $a - (-b) = a + b$ ). [MCL 123.1345(s)]
3. Enhance the transparency of the calculation by adding the renaissance zone adjustment to the definition of the calculation of the "personal property exemption loss" and "small taxpayer exemption loss". [MCL 123.1345(s)(i), MCL 123.1345(s)(ii), MCL 123.1345(y)(i), and MCL 123.1345(y)(ii)]
4. Accelerate assessor, county equalization director, local school district, and intermediate school district reporting dates to allow Treasury more time for processing the calculation. [MCL 123.1353(3), MCL 123.1353(4), MCL 123.1353(6)]
5. Change the calculation to use the lowest rate of each individual millage levied in the period between 2014 and the prior year in the calculation of all personal property tax reimbursements, with the exception of school debt loss and hold harmless millage. Currently, the reimbursements are calculated using the lowest rate of each individual millage levied in the period between 2012 and the prior year, with the exception of school debt loss and hold harmless millage. School debt loss and hold harmless millage reimbursements are calculated using the current year millage levy. This provision penalizes municipalities that shifted millage between purposes prior to the passage of the law. [MCL 123.1353(5)]
6. Treasury prepopulates the Form 5403 – Personal Property Taxable Value of Expired Tax Exemptions and the Form 5429 – Personal Property Taxable Value of Expired/Expiring Renaissance Zones and sends the form to assessors to assist them with calculating the increased value from expired tax exemptions as required by MCL 123.1353(6). Currently, the law requires the assessors to report the increased value to the county equalization director, and then, for the county equalization director to report compiled information to Treasury. It is Treasury's preference for the assessors to return the completed Form 5403 and Form 5429 directly to Treasury and to provide a copy to the county equalization director. This ensures that the assessor is only reporting on the eligible population and reduces the work for the county equalization director. Strike language indicated in MCL 123.1353(6).
7. Correction of dates based on Treasury's and LCSA's actual completion dates. [MCL 123.1354(1), MCL 123.1354(2), MCL 123.1354(3), MCL 123.1354(4), MCL 123.1355, MCL 123.1356, MCL 123.1357(5)]
8. Clarify that the TIF adjustment is a subtraction from the calculation. [MCL 123.1354(1)(d), MCL 123.1354(4)(d)]
9. For consistency in the subtraction of the TIF adjustment with the PPT reimbursement calculations. Treasury rewrote the essential services distribution calculation to subtract the TIF captured taxes instead of subtracting the TIF captured taxable value. [Strike current language in MCL 123.1354(2)(b) to MCL

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123.1354(2)(d) and add new language for MCL 123.1354(2)(b) to MCL 123.1354(2)(d) and add MCL 123.1354(2)(f)]

10. Remove the first instance of the word “solely” from the essential services distribution calculation as some essential services are paid for from blended millages (i.e. Fire/Library Debt millage) and add the words “portion of” millage. [MCL 123.1354(2)(e)]
11. Make Treasury’s calculation deadlines consistent throughout the Act. [MCL 123.1355, MCL 123.1356]
12. The law requires Treasury to multiply the personal property exemption loss (PPEL) by the sum of sinking fund and recreation millages. However, the PPEL is different for sinking fund and recreation millage due to how renaissance zone property is taxed. Therefore, strike the language to sum the millages. [MCL 123.1355(b)]
13. Reference all millage rates to be used in the calculation to Section 13(5), the millage rate reporting requirement for Treasury. [MCL 123.1355(b), MCL 123.1356a(2)(c), MCL 123.1357(4)(b)(ii)]
14. Remove the limitation language from Section 17(4)(a)(iv). Currently, the law limits the essential services distribution. For the 2016 personal property reimbursements, this limitation reduced the overall essential services distributions from \$46.8M to \$46.7M and impacted 14 municipalities. [MCL 123.1357(4)(a)(iv)]
15. The law requires Treasury to multiply the acquisition costs by the sum of each individual millage. However, the acquisition cost is different for operating and debt millages due to how renaissance zone property is taxed. Therefore, strike the language to sum the millages and add transparency language regarding an adjustment for renaissance zone property. [MCL 123.1357(4)(b)(ii)]
16. Clarify the Section 17(4)(b) calculation to clearly indicate that the calculation will be performed for each individual millage levied. [MCL 123.1357(4)(b)(iv) and MCL 123.1357(4)(b)(v)]
17. The law requires Treasury to adjust for all TIF captured taxes levied by the municipality for the Section 17(4)(b) calculation. However, some of the TIF captured taxes are fully adjusted/exhausted within the essential services distribution and 2015 small taxpayer exemption loss distribution. Therefore, the amendment clarifies the Section 17(4)(b) calculation to only adjust for TIF captured taxes that have not already been exhausted. [MCL 123.1357(4)(b)(iv)]
18. Require municipalities to allocate the personal property tax reimbursement revenue, up to 100% reimbursement, among all the millages and account for the revenue accordingly (i.e. record in the appropriate fund and/or distribute to the proper authority). Currently, municipalities are only required to fund essential services from the essential services distribution and to pay for debt from the reimbursement revenue for debt millage. Municipalities are currently allowed to use the remaining amount of the reimbursement revenue as they see fit. [new MCL 123.1357(5)]
19. Change the payment date for county allocated millage to October 20 to align with payments to other municipalities for July millage levies. Starting in 2018, the law requires the county allocated millage to be distributed on September 20 and the payments to other municipalities for July millage levies to be distributed on October 20. [MCL 123.1357(5)(a)]

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20. Change the law to allow for municipalities to keep the final debt millage reimbursement even if the debt obligation was paid off in the prior fiscal year, as there is a timing lag between when the millage rate is levied and the date of the reimbursement. Currently, the law requires Treasury to deduct the final debt millage reimbursement from a subsequent payment, if the final debt millage is not used to pay debt. However, there is no reporting mechanism for Treasury to know when a debt millage reimbursement is not used to pay debt. [MCL 123.1361(2)]

